

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Bulletin 2022-07-INS

In the matter of:

**Homeowners Insurance Coverage Flexibility
During the COVID-19 Pandemic**

**Issued and entered
this 24th day of February 2022
by Anita G. Fox
Director**

The Director of the Department of Insurance and Financial Services recognizes that the COVID-19 pandemic continues to affect Michiganders in many ways. Recently, it has come to the Director's attention that due to supply chain delays and labor shortages in the construction and adjuster industries some homeowners whose losses are covered by insurance are experiencing unusual delays in obtaining products and services for necessary repairs. In some cases, their homes are uninhabitable while repairs are being completed.

This bulletin urges all insurers writing homeowners insurance policies in Michigan to exercise flexibility when facing delays in completing repairs. Examples of the flexibility needed during these extraordinary times include, but are not limited to, the following:

- Working with homeowners regarding living expenses while a homeowner is unable to inhabit their home due to supply chain delays and/or labor shortages (for example, providing a stipend in lieu of hotel expenses when alternative living arrangements are available);
- Extending time to file sworn statements of loss when the statements cannot reasonably be filed within the time provided under the policy and the Insurance Code;
- Extending time to complete replacement of homes and personal property when such replacement cannot reasonably be completed due to pandemic-related delays and shortages; and
- Waiving the imposition of any policy provision that requires the homeowner to lose their right to recover the withheld depreciation on their homes until the replacement is completed.

Insurers who exercise such flexibility will not be subject to administrative action for the failure to adhere to time restrictions or uniform application requirements in the Insurance Code, including but not limited to MCL 500.2119 (prohibiting insurers from transacting home insurance inconsistently with their underwriting rules).

Insurers are also reminded that withholding payments (including, without limitation, living expenses) when a claim is not reasonably in dispute is an unfair trade practice. See MCL 500.2006(1). In addition, it is an unfair trade practice to engage in a course of conduct wherein the insurer "fail[s] to attempt in good faith to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear."

MCL 500.2026(1)(f) (emphasis added). The Insurance Code empowers the Director to examine and investigate an insurer when there is probable cause to believe that such insurer “has been or is engaged in ... any unfair or deceptive act or practice.” MCL 500.2028. Insurers who are found to have committed unfair or deceptive acts or practices will be subject to appropriate administrative action. See, e.g., MCL 500.2038.

Any questions regarding this bulletin should be directed to:

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/s/

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